

the Pages. In the committee amendments, which were advanced, the taxation was presented to you at 5 percent of gross. The tax, as it currently stands, is 3 percent of gross. The committee agreed that there should be some tax level increment change but their agreement was at 5 percent of gross. Since that time, I have been visiting with the Department of Revenue and looking at the statutes of other states, who deal in pickle cards and tax them, and it seems that there is a general consensus that a better method for taxing them, rather than based just solely on gross, is to move to what we call a definite profit method. And, if you will look on your desk, it will show you pickle card revenue distribution and how we arrived at definite profit. Definite profit amounts to the gross proceeds minus the prize monies. Now, additionally, to obtain some equity in how pickle cards are sold and the payouts, we have offered, or I am offering in this amendment to set a level of payout. Right now, the law says there must be a minimum payout of 65 percent but there is no top or maximum number. So the amendment that I am offering says that prizes to the public must fall within a range of 65 to 75 percent payout to the public. It maintains the same floor but caps it at a possible 75 percent payout to the public. Once you take the gross proceeds, once you subtract the prizes, you then get to the definite profit. Additionally, the amendment which I am offering to you caps the commission which can be paid to the pickle card operators. These are the outlets that sell pickle cards for the nonprofit organizations if they are sold other than the premises of the nonprofit or at a bingo occasion. It caps that payout to the nonprofit...to the operator at 30 percent. Now if you take gross proceeds minus prizes, you have definite profit and then you subtract the payout to the operator and this will give you the gross profit. From there, we have set up, by percentage, some allowable expenses which we, as a state, can control, an allowable expense of 5 percent on definite profit. We have said that the sales agent can make no more than 4 percent of that and that 1 percent then can go for other expenses, such as advertising or other miscellaneous expenses. From the gross profit also will come the unit cost of the card. Unit costs are such things as the cost of the card themselves, the imprinting, the pickle card tax, the sales tax and the federal tax, which then leaves you the net profit for the nonprofit organization for its lawful purpose. Now, on the other sheet which I have handed around, it shows you the way the current law of marketing pickle cards exists, right now, on the bottom of that sheet. At the top of the sheet, then it shows